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C O N F I D E N T I A L SECTION 01 OF 02 MEXICO 003171

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SUBJECT: MEXICO'S PRD REMAINS ITS OWN WORST ENEMY

REF: MEXICO 1461

Classified By: Polcouns Charles Barclay. Reasons 1.4 (b) and (d).

¶1. (CONFIDENTIAL) SUMMARY: Having exacted concessions from lawmakers struggling to finalize energy reform legislation, Mexico's Democratic Revolutionary Party (PRD) should be celebrating its political gains this week. Instead, party banner carrier Andres Manuel Lopez Obrador is threatening to form a blockade around Congress over a non-issue in the reform bill. The PRD remains internally distracted by the fallout from bitterly contested party presidency elections in March. Like its erratic figurehead, the PRD is its own worst enemy, failing to capitalize on a favorable political situation, identify new leaders and unite. All factions within PRD share a measure of blame. END SUMMARY.

PARTY IN CONFLICT

¶2. (SBU) Mexico's Democratic Revolutionary Party (PRD) has not recovered from the disputed internal elections for the presidency dating back to March (reftel) between the two main factions of the party--the New Left Faction (NLF) headed by Jesus Ortega ("El Chuchito") and the United Left Faction (ULF) led by Alejandro Encinas, which is aligned with Andres Manuel Lopez Obrador (AMLO). Saul Escobar Toledo, the Secretary of the Party and one of its original founders, told Poloff the PRD probably will maintain an unfavorable status quo with its interim president, Guadalupe Acosta Naranjo, until new internal elections can be held possibly as late as February 2010 after the national legislative elections in July 2009.

¶3. (SBU) Recent conversations with PRD leaders across the board demonstrated that the party faithful have yet to resolve the fundamental question that arose in the aftermath of AMLO's failed presidential candidacy in 2006 -- whether it serves the party's interest to work within the system, or attempt to crash it. Proud of the PRD's role in Mexico's transition to democracy and creation of the Federal Electoral Institute (IFE) in 1996, Veronica Juarez Pina, Secretary of Municipal Governments, represents what is now the dominant ideological strain within the party. She told Poloff that her faction, the NLF, emphasizes working within the system and strengthening democratic institutions despite the belief that the PRD was robbed of the Presidency in 1988 and again in 2006. Members of AMLO's ULF, on the other hand, say the party's best strategy remains mobilizing Mexico's grass roots left, and using the "force-multiplier" offered by the Broad Progressive Front (FAP), which consists of members of the PRD, far left Workers Party (PT) and Convergence Party.

Confrontation, through demonstrations, mass rallies and street blockades, remains their preferred operational mode.

FAILURE TO UNITE

14. (C) Despite a pronouncement that all is well within the party by PRD coordinator Carlos Navarrete (and the party's Senate leader), these contending strains failed to unite at the party's National Convention September 20-21, which was not attended by AMLO, and subsequently at the party's National Congress on October 11. Instead of resolving the internal conflict between the factions, the PRD, led by the NLF, passed a procedural rule at the convention that would in effect prohibit AMLO supporters from leaving the party and then running for party positions as Convergence or PT members. The party formed a new body to centralize decision making and agreed on a policy of alliances with the PAN and PRI, both of which could also be viewed as an attempt to weaken AMLO and the ULF. They also agreed on a process of elections to select new PRD candidates. PRD Deputy Erick Lopez Barriga told Poloff that none of this constituted significant reform and the party still lacks internal transparency and democracy. A party congressional advisor Enrique Soto told Poloff that the party lacked a common platform that could overcome the division between the two camps. Another PRD insider, Guillermo Flores Vazquez, told Poloff that AMLO increasingly has become marginalized within the PRD.

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PARTY SCHIZOPHRENIA ON ENERGY REFORM

15. (SBU) The final stage of Mexico's protracted energy debate has been emblematic of the party's inability to coalesce around an important national issue. For months, AMLO has reached beyond his own party's members to gather support for a campaign against significant reform of Mexico's state oil company, PEMEX. While AMLO's "National Movement in Defense of Petroleum" mounted noisy street protests, mainstream PRD legislators negotiated within Congress to exact concession's from PAN and PRI counterparts. The resulting legislation was a watered down reform which failed to include allowing much-needed private capital to participate in exploration and production of Mexico's oil reserves. (To be sure, PRI legislators also fought hard to maintain the prohibition on the use of private investment in the exploitation of Mexico's oil.) Many party adherents sought to take credit, rally the party and paint this as a victory for both the party and AMLO.

16. (SBU) Nevertheless, some 17,337 members of AMLO's National Movement voted October 22 by well over a 2-1 margin to form a blockade around Congress to prevent it from moving the energy bill forward, insisting on language that explicitly prohibits private investment in PEMEX.

17. (SBU) Mexico's Senate on October 23 passed the legislation with the support of nearly every PRD Senator. AMLO's movement vowed to continue its attempt to thwart the bill's final passage.

18. (SBU) Deputy Lopez had confided to Poloff that many PRD opponents of the reform bill would moderate their position in response to AMLO's tactics. Indeed, this appears to be the case. Chamber of Deputy's President told Poloffs that he expected the support of nearly 70 percent of PRD legislators when that body takes up the legislation next week. AMLO thus has alienated some of his best legislative allies in the party by continuing to protest a bill they have fought hard over. In doing so, he has further undermined opportunity to strengthen the PRD's image as a cohesive political block that can offer clear and reasoned policy alternatives to Mexico's

voters.

19. (C) COMMENT: Whether he has become more of a liability than an asset to the party, most PRD insiders agree that AMLO is still a very important force in the absence of a dynamic alternative leader. Although several PRD contacts continue to maintain that the failed presidential candidate is on the verge of formally breaking with the party, most believe he will remain inside the tent. Party Finance Secretary Avila told Poloff AMLO enjoys the best of both worlds if he remains a part of the PRD: the party offers him institutional support and funding, while FAP, and its affiliate organizations, offer him "street support" and a grass roots base. In turn, many insiders consider that AMLO offers the PRD a big name and a rallying point for voters. This hopeful assessment will be tested at the polls next summer. Recent surveys show the party has lost much ground in the past year and suggests it will lose more in next summer's elections. END COMMENT.
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